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FROM : American Consulate General, Accra

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DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

February 7, 1955
DATE

REF : Consulate General's Confidential Despatch No. 127, Dated January 6, 1954, and Restricted Despatch No. 109, December 14, 1953

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SUBJECT: Anticipated Delay in Completion of the Preparatory Reports on the Volta River Project.

In a recent discussion with the Reporting Officer, Commander Robert G. A. JACKSON, Special Commissioner of the Volta River Project Preparatory Commission, outlined in broad form the current developments with regard to the studies being made by the Commission. He stated that the current "timetable" provides for the completion of the reports by the end of 1955. In this connection it will be noted (Despatch No. 127) that his previous estimate for finishing these initial studies was late 1954, so that there has been a delay of a year in this work. According to present thinking, the middle of 1956 would be the earliest that negotiations could commence, and that if the parties then decided to go ahead with the scheme, tenders might be requested in the second half of 1956. He stated frankly that in his opinion it would be politically more advisable that independence should be achieved before the agreement is signed, so that the local opponents of the present government could not say that the price of independence was an agreement for imperialistic economic domination. Since independence is not likely to materialize before December 1956, and may even be later, it looks as though further delays may be necessary.

A formidable amount of work has already been done by the Preparatory Commission, and it would appear that this has been more detailed and far sighted than any previous large project in Africa. Commander Jackson is well aware that this was one of the faults on which the ground nuts scheme collapsed and politically the United Kingdom can not afford a similar error here. The bauxite deposits are said to have been carefully surveyed, and the principal ones, on which the scheme depends are estimated at 140,000,000 tons, with an additional 60,000,000 tons elsewhere in the Gold Coast. Careful studies have been made of the alternative possibilities of transport from the mines to the smelter, and two new railways (one from the smelter to the port) are proposed. As the Department is already aware, the contract for the Tema Harbor has been granted and preliminary ground work is commencing.

The problem on which the Commission is still doing most of its work is the question of the dam and related matters, particularly the all important question of what the power will cost. It is now anticipated that power production will be about 520,000 kilowatt hours of which 470,000 will be used by the smelter and 50,000 will be available for other local use (see Despatch No. 109 and Despatch No. 94

Donald W. Lamm[illegible]ram
REPORTER

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No. 94, dated November 23, 1953).

A good deal of the recent work has been in the field of manpower, labor management and related economic and health problems. Commander Jackson, while still adhering to the need for as complete mechanization as possible, mentioned a figure of 15,000 employees, which is well above his previous estimate. He anticipates that there will be 20 Africans for every one person from overseas. For overseas personnel, it has been decided that the wives should come out with their husbands, and plans have been made for appropriate housing. Health factors arising from the creation of the lake are being carefully studied and American public health officials have been very cooperative in this matter.

Commander Jackson dealt at some length on the political pros and cons from the United Kingdom, Canadian and Gold Coast approaches. The United Kingdom stands to benefit in three ways (1) it would reduce dollar expenditures (2) it provides a link between the United Kingdom and the Gold Coast which will endure after independence and (3) the strategic advantages. On the other hand, another failure like the ground nuts scheme would be fatal. Canada, for her part, must weigh the competitive advantages on the one hand with the question of the safety of a heavy investment in the Gold Coast on the other. In the Gold Coast itself, the political question is of great importance. The opposition will certainly attempt to prove that the scheme will leave the country in a state of economic enslavement. This will have to be disproved by figures. Commander Jackson states that, including taxes, the Gold Coast will actually obtain 56% of the profits. He feels that a small profit should be made on the sale of power elsewhere as well.

In evaluating the prospects of acceptance of the scheme by all parties, Commander Jackson did not discuss developments elsewhere, such as the possibility of cheap power in the Congo, or the effect of recent bauxite discoveries in Jamaica. When these were mentioned, he recognized their importance, but he seems to feel that these are not likely to carry too much weight in the final decision.

Commander Jackson is scheduled to revisit the United States on March 23, or possibly earlier, for about ten days. He will have discussions with the International Bank and the British Embassy in Washington. He expects to call at the State Department while he is in Washington.

Donald W. Lamm
American Consul General

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